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June 28, 1999

EXECUTIVE SECRETARY

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Nashville Gas Company, Docket No. 99-00207

Dear Mr. Waddell:

In accordance with the reporting provisions of Service Schedule No. 14, Performance Incentive Plan, as approved in the above captioned docket, Nashville Gas Company submits the accompanying summary of shared gas cost savings for the period July 1, 1998 through April 30, 1999.

As the enclosed summary indicates, the Company was able to achieve total gains and savings of \$641,812 under the gas procurement and capacity management mechanisms as defined by the Plan. Under the Plan's sharing formulas, \$478,500 of these gains and savings will be allocated to the Company's ratepayers. The remaining \$163,312 of the gains and savings are to be credited to the Company's Incentive Plan Account under the terms of the Plan.

Detailed calculations supporting the amounts shown in the summary have been provided to the Tennessee Regulatory Authority Staff and to the Consumer Advocate subject to non-disclosure agreements.

I am enclosing one additional copy of the summary that I would appreciate your stamping "filed" and returning to me in the enclosed envelope.

Sincerely,

Gerry W. Amos
Jerry W. Amos *by BRM*

JWA/lh

Enclosures

c: Laura Foreman, Tennessee Regulatory Authority, w/enclosures
Vincent Williams, Consumer Advocate, w/enclosures

Report on Nashville Incentive Plan
July 1998 - April 1999

Month	Year	Gas Procurement	Nashville	Ratepayer	Capacity	Nashville	Ratepayer	Total	Total	Total
		Incentive Mechanism	GPI Sharing	GPI Sharing	Management Incentive Mechanism	CMI Sharing	CMI Sharing			
		Gain/(Loss) 1/	Gain/(Loss) 2/	Gain/(Loss)	Gain/(Loss)	Gain/(Loss) 3/	Gain/(Loss) 3/	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)
July	1998	\$ 1,613	\$ -	\$ 1,613	\$ 4,960	\$ -	\$ 4,960	\$ 6,573	\$ -	\$ 6,573
August	1998	\$ (23,063)	\$ (67)	\$ (22,996)	\$ 1,416	\$ -	\$ 1,416	\$ (21,647)	\$ (67)	\$ (21,580)
September	1998	\$ 253,873	\$ 121,009	\$ 132,864	\$ 33,298	\$ -	\$ 33,298	\$ 287,171	\$ 121,009	\$ 166,162
October	1998	\$ 641	\$ -	\$ 641	\$ 22,198	\$ -	\$ 22,198	\$ 22,839	\$ -	\$ 22,839
November	1998	\$ 89	\$ -	\$ 89	\$ 27,195	\$ -	\$ 27,195	\$ 27,284	\$ -	\$ 27,284
December	1998	\$ 8,322	\$ -	\$ 8,322	\$ -	\$ -	\$ -	\$ 8,322	\$ -	\$ 8,322
January	1999	\$ 18,799	\$ -	\$ 18,799	\$ 21,111	\$ -	\$ 21,111	\$ 39,910	\$ -	\$ 39,910
February	1999	\$ 1,921	\$ -	\$ 1,921	\$ 880	\$ -	\$ 880	\$ 2,801	\$ -	\$ 2,801
March	1999	\$ (5,524)	\$ -	\$ (5,524)	\$ 162,905	\$ 13,365	\$ 149,540	\$ 157,381	\$ 13,365	\$ 144,016
April	1999	\$ (8,838)	\$ -	\$ (8,838)	\$ 120,016	\$ 29,005	\$ 91,011	\$ 111,178	\$ 29,005	\$ 82,173
		\$ 247,833	\$ 120,942	\$ 126,891	\$ 393,979	\$ 42,371	\$ 351,609	\$ 641,812	\$ 163,312	\$ 478,500

1/ The monthly gain or loss set forth in this column reflects total gains or losses calculated under the gas procurement mechanism, including gains or losses within the one percent deadband.

2/ Nashville GPI sharing reflects 50% of gains or losses calculated under the gas procurement mechanism after application of the one percent monthly deadband.

3/ Nashville sharing percentages range from 0% (up to 1% of annual demand savings), to 10% (1% - 2% savings), to 25% (2% - 3% savings), and to 50% (> 3% savings). Total capacity demand costs for the period are based on estimated annual costs for the plan year. These sharing amounts shall be adjusted based on the actual demand costs incurred, taking into account refunds or surcharges from pipeline and storage supplies.
 (See Service Schedule No. 14, page 5)